

CP Holdings Limited.

ADC Building, Triq l-Esportaturi, Mriehel, BKR 3000
VAT Reg. No. 2082-2519

House of Representatives, Parliament of Malta
Freedom Square,
Valletta,
Malta

26th November 2021

Dear Ms Brincat,

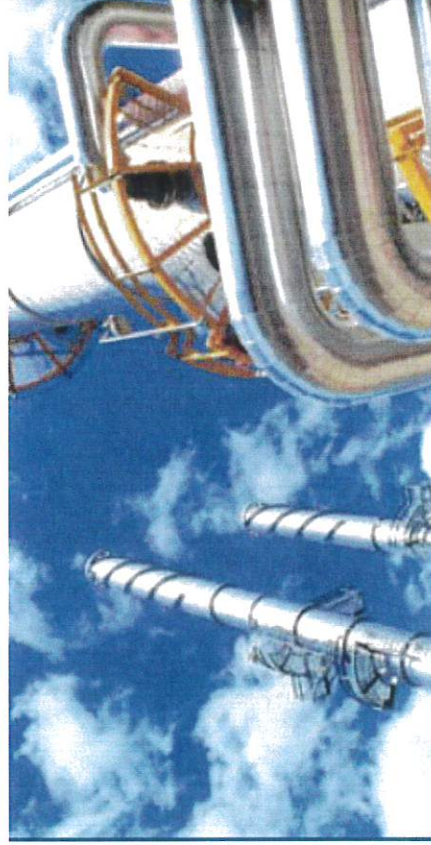
Please find enclosed requested document.

Regards,



Paul Apap Bologna

Bringing Low Cost Electricity to Malta



Bringing LNG to Malta
Cutting CO2 Emissions



Greener Energy for Malta

Who Are We?

A consortium, consisting of:

[Gasol, plc](#), (symbol AIM: GAS) a London-based AIM-listed gas monetisation company. Gasol specialises in Liquefied Natural Gas (LNG), and is developing its own African-based upstream and midstream liquefaction projects. Gasol is also developing downstream gas-to-power projects with a broader geographic range.

[International Power plc](#) (FTSE 100 – symbol IPR), a growing independent power generation company with interest in some 33GW (45 power stations) worldwide. IPR own coal, gas, pumped storage hydro, run of river hydro and 1199MW of wind. 1997 PFO £904m & PBT 596m. Current market capitalisation - £5.2bn.

[A Maltese Investors group](#), assembled and led by Paul Apap Bologna. We do not want to come to Malta as an entirely foreign group. The investor group will comprise a diverse group of Maltese citizens and prominent business families



Supported by



Teekay Corporation, (symbol NYSE: TK) a Vancouver-based shipping and maritime group, with a large and rapidly growing gas division and LNG fleet. Teekay is the largest shipping company in the world by market capitalization. Teekay has substantial depth in all aspects of marine technology. Teekay will not be an equity investor in the project company itself, but will invest in and provide the marine assets.

Maltese Power Situation – Our Understanding

- Marsa (267 MW) – 19 to 45 years old – scheduled for shutdown
 - No physical space for expansion
 - Too old and obsolete to upgrade
 - Capacity needs to be replaced
 - Runs on fuel oil
- Delimara (304 MW) – 8 to 14 years old
 - Some available land in the vicinity
 - 110 MW of Combined Cycle gas Turbines @ 38% efficiency
 - Cannot satisfy demand if Marsa is closed
- Total system capacity of 577 MW, expected to increase to 600 MW by 2010
- Difficulties of compliance with EU emissions targets
- Government investment required



The Proposal

- We build a new 400 MW (or more) high efficiency plant fuelled by imported LNG
- We provide LNG fuel supply, storage and regasification
- We will undertake all funding, implementation and operational commitments to deliver the project
- We would be willing to manage the Delimara plant under contract and in portfolio if the Government desires
- Under all circumstances, Enemalta remains grid operator and sole seller and distributor of electricity in Malta

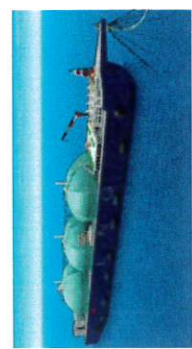
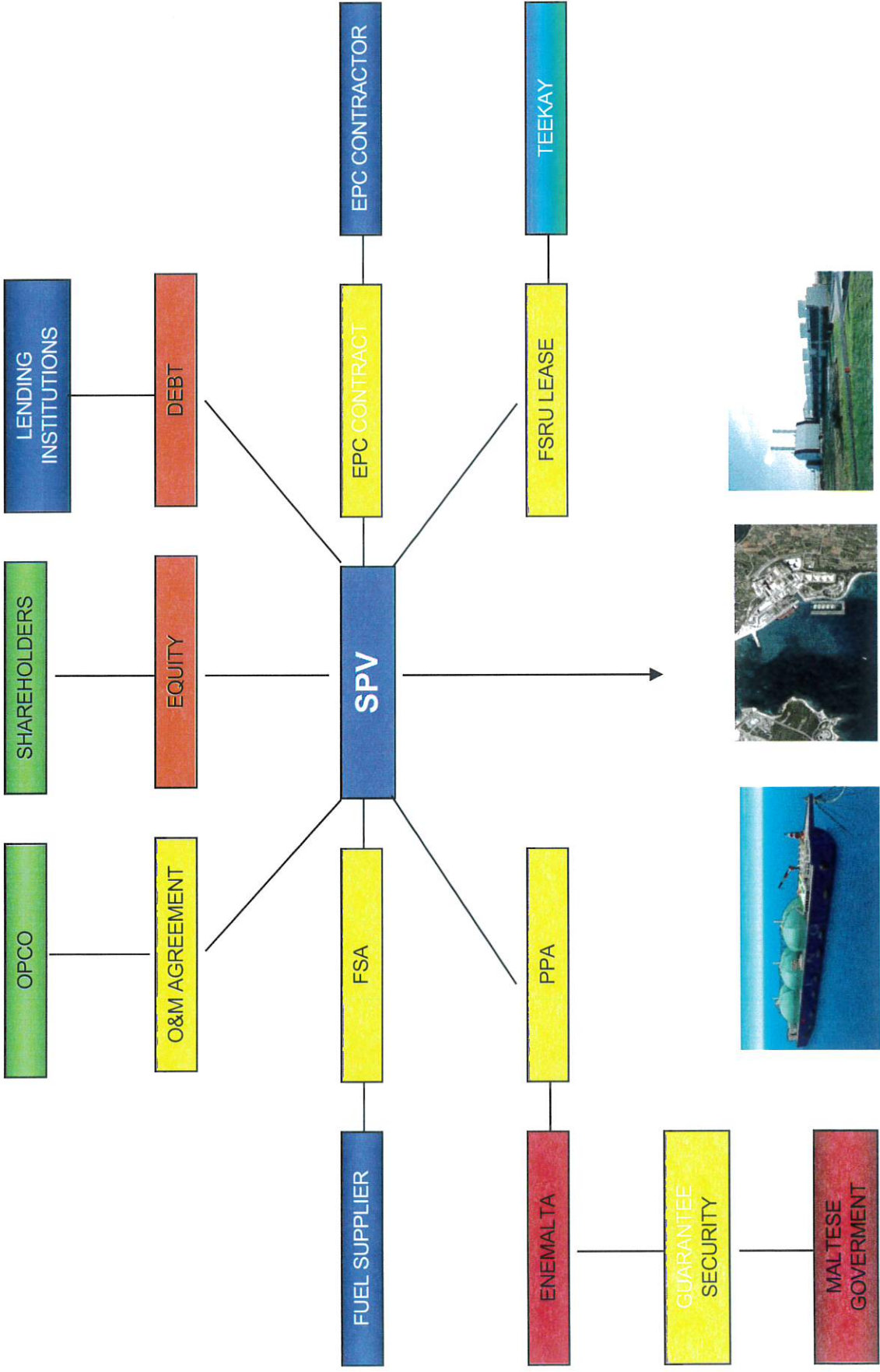


What We Need

- Enemalta to enter into Power Purchase Agreement (PPA)
 - 20+ year term
 - Government to guarantee Enemalta's contractual performance
 - Fuel and O&M (Operations and Maintenance) is a pass-through
 - Payment based on capacity made available
- PPAs are not a new concept. Examples can be seen in:
 - Portugal
 - Poland
 - Middle east
 - Puerto Rico



Project Structure



Benefits to Malta

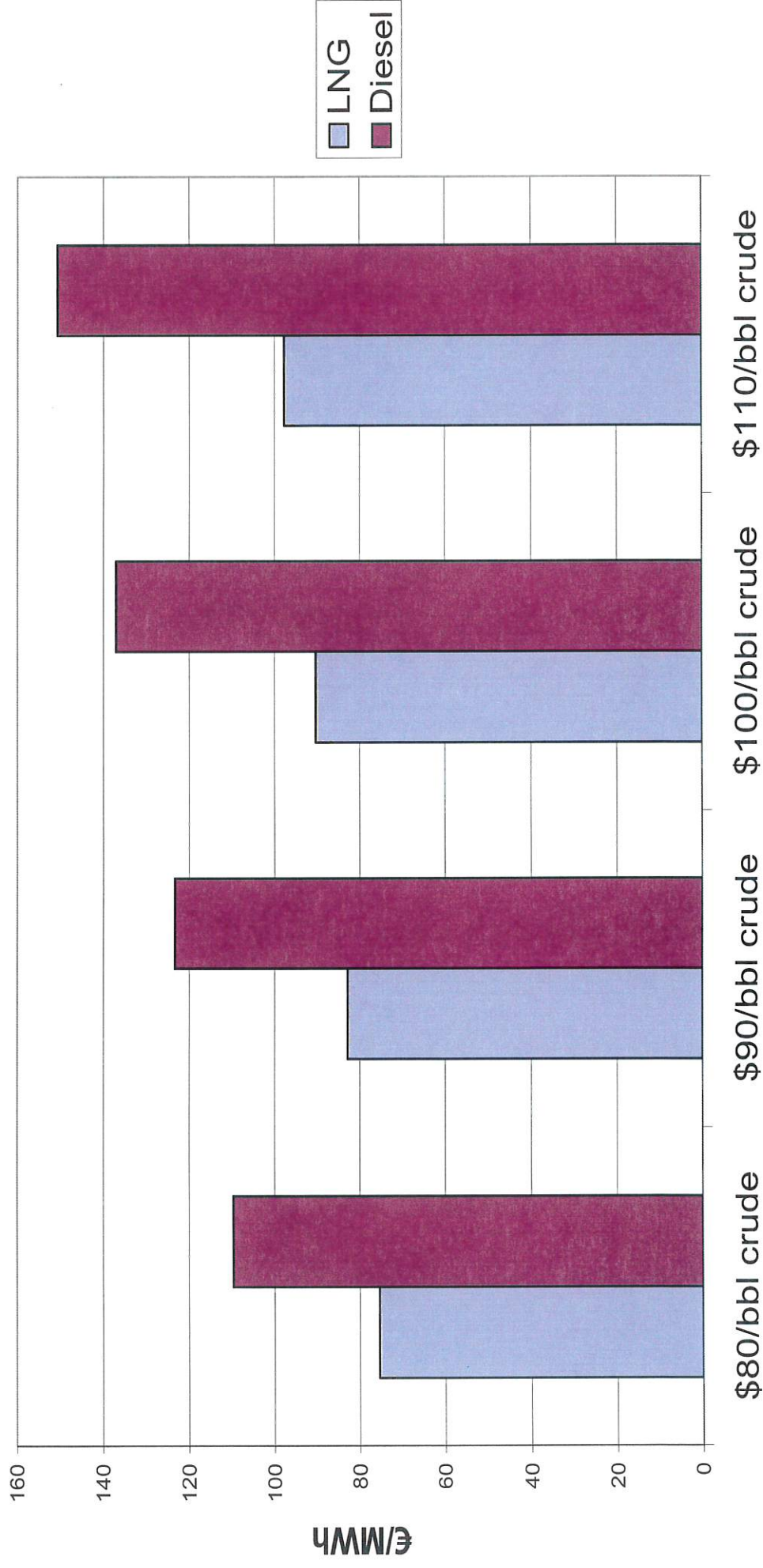
- 30-40% saving on the wholesale power price
 - Electricity from gas achieves up to 55% gross efficiency
- Higher efficiencies mitigate the price fluctuations of global energy cost
 - Electricity from Oil is Inefficient (around 20%)
 - i.e., 80% of energy generated from oil is lost as waste heat
- We will cut CO₂ emissions:
 - Enemalta alone generates 2.1 MM tonnes of CO₂
 - Switching to gas results in approx 1.2 MM tonnes CO₂
- Gas significantly reduces other pollutants (e.g. Sulphur & NOx)
 - Full compliance with LCPD
- All upfront Capital Investment by the Consortium
 - Government/Enemalta will not have to invest further capital in generation and LCPD investment cost



Efficiency is the Key



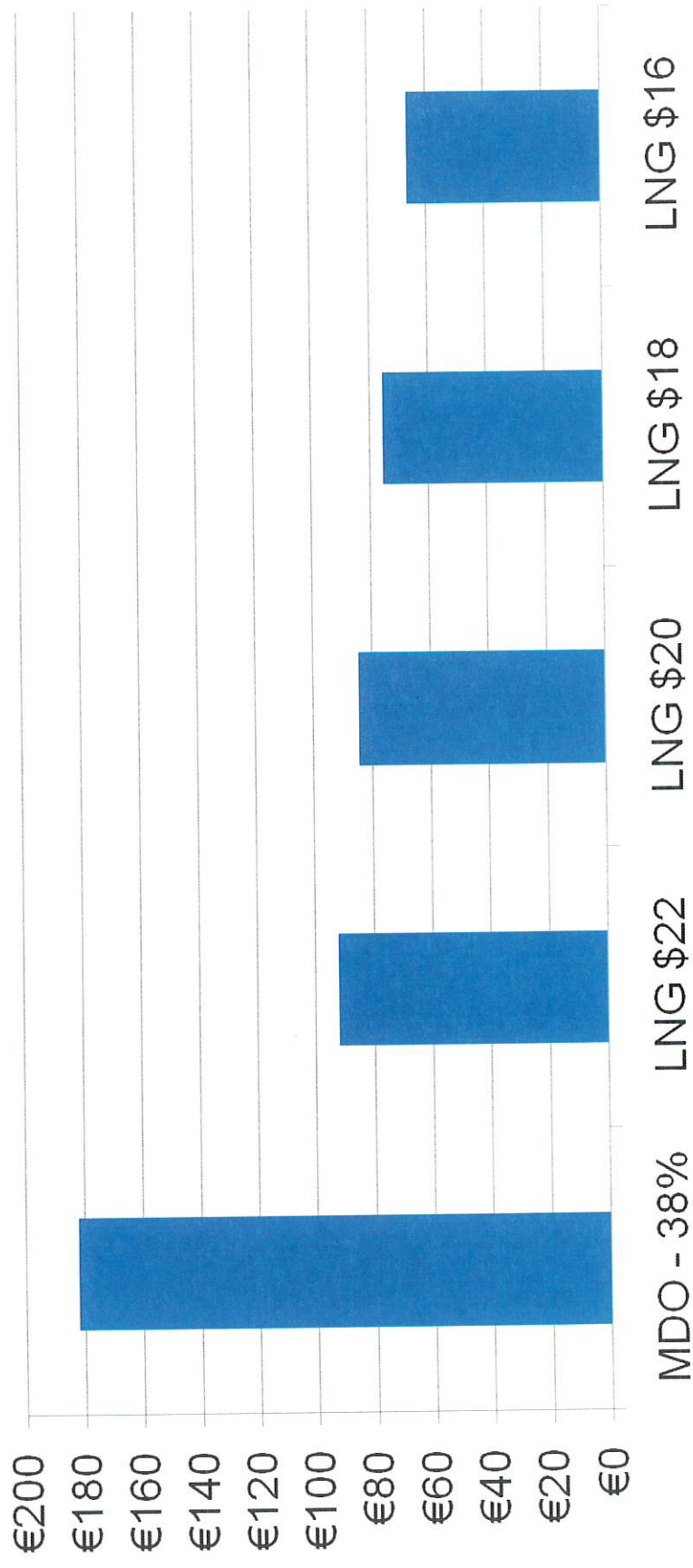
Fuel Cost of Electricity - LNG v. Diesel



Efficiency is the Key

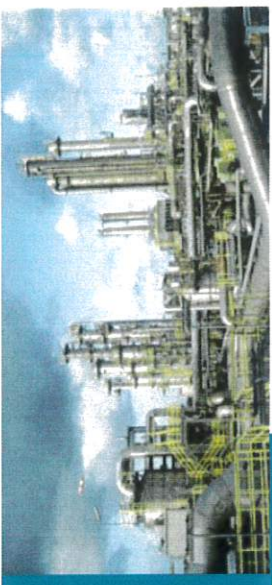


Fuel Cost of Electricity € per MWh

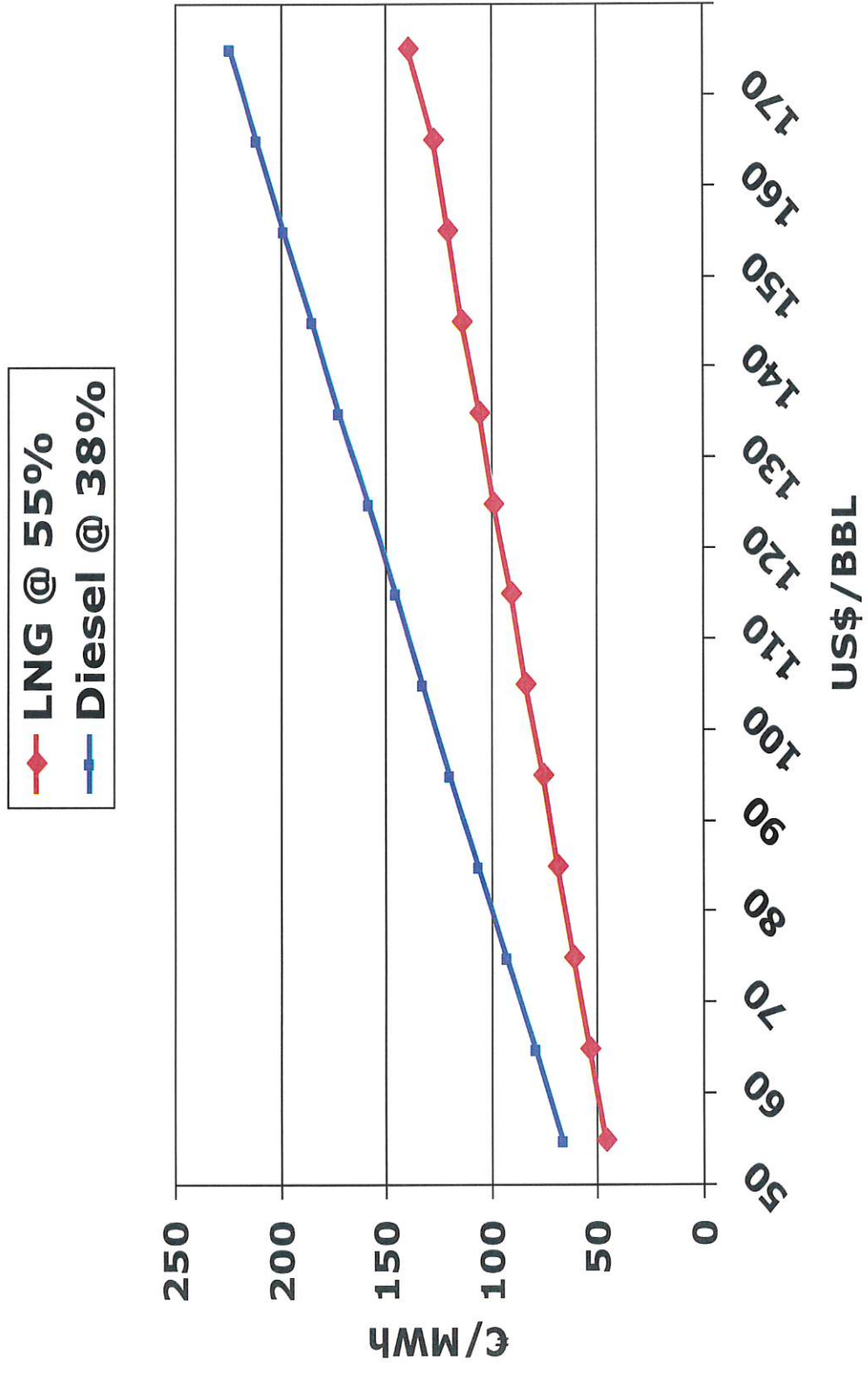


Diesel @\$1245 per MT – 38% Efficiency
LNG at various prices per MMBtu

Higher Efficiencies Lower the Impact of Fuel Cost...



Fuel Cost of Electricity in €/MWh



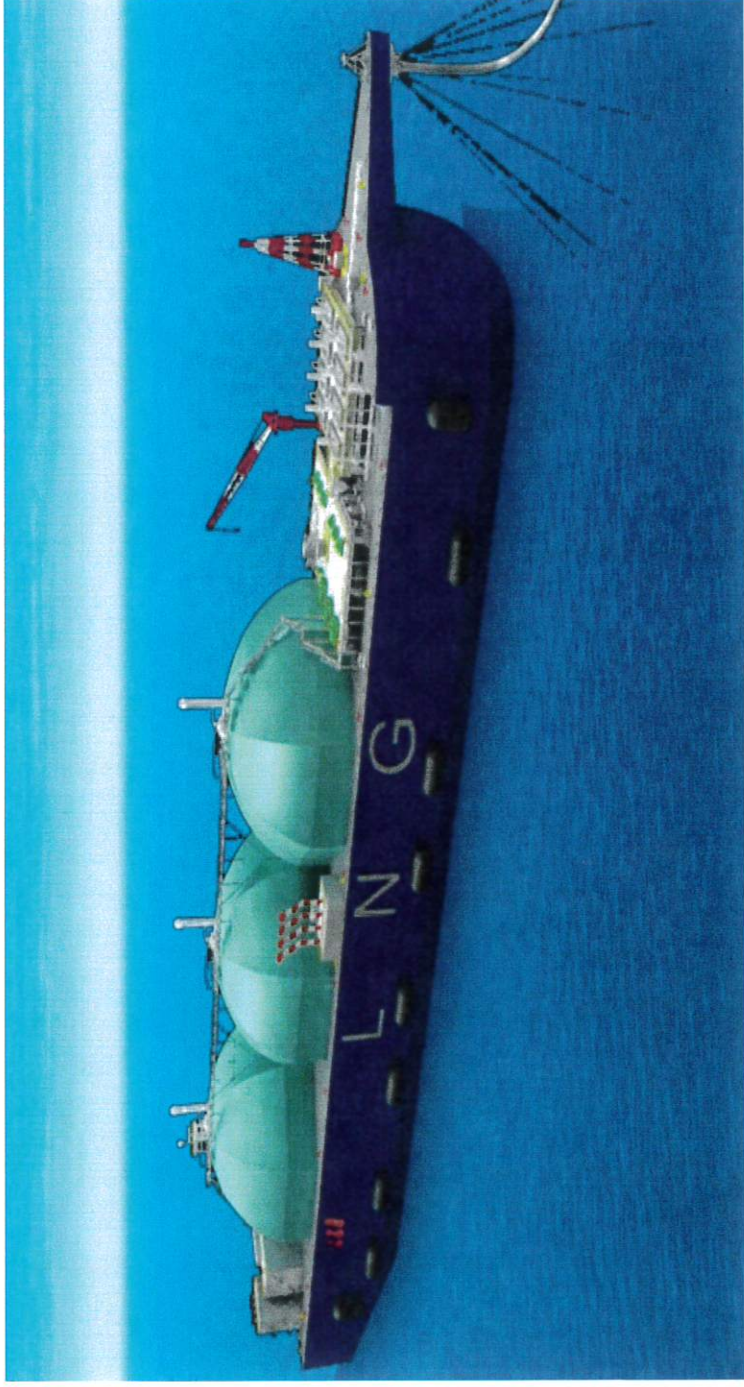
New Power Plant

- Capacity 400MW or greater
 - Exact size depends on study and consultation with Government
 - Total capacity to meet Malta's needs now and in future
- Propose construction adjacent to Delimara
 - Land use already allocated to power plant usage
 - Adjacent land appears to be government owned
 - Greater efficiencies achieved by co-location
- The harbour at Delimara can easily accommodate LNG vessels
- An expensive undersea cable link to Sicily can be enhanced
 - May be desirable if used to export power
 - Consortium happy to supply extra power for export
 - Feasibility study terms of reference could be modified to include export
 - Sizing of cable could be adjusted in light of export possibilities
 - Thus, would provide a return on investment



Project Components - LNG FSRU

- LNG purchased on market by the Consortium under long-term contract & transported to Malta – a 400 MW plant requires some 6-8 cargos per year
- LNG is regasified in a specially designed **FSRU** (Floating Storage and Regasification Unit).
- The FSRU is located opposite Freeport Harbour



Project Components – Ideal site & layout

We suggest locating the mooring site shown below, adjacent to Delimara.

It appears that the water depth is sufficient to get the vessel in without dredging.



Proposed FSRU Location



Project Components – Regasification



Number of technologies available

- Mustang air vaporisation possible choice
- Reduces NOx and CO2 emissions
- Uses no sea water
- Produces water as by-product
- Standard, proven components
- Suitable for onshore or offshore installations

Project Components – CCGT



Project Components – CCGT



Business Structure

Basic Project Structure

- Consortium will provide all equity investment, arrange all debt
- In order to secure project financing, we would require;
 - Long-term Power Purchase Agreement (PPA) Guaranteed/Secured by the Government , with fuel component linked to world energy prices
 - All necessary licenses & construction permits
 - Operating contract to International Power (including if required Delimara)

Wholesale Power Pricing

- We can undertake that high efficiency gas fired power will always be cheaper than the low efficiency oil burning alternative
- We expect higher efficiency will lead to 30-40% price reduction
 - The project helps mitigates fluctuations in global oil prices
 - Consortium will not have pricing power



Next Steps

Tell us how to take this forward. We need:

- A clear understanding of the path towards project approval
- A clear understanding of Maltese Government issues, constraints and process
- Appointment of a joint project delivery team between the Consortium, Enemalta and the Government
- Any assistance to provide a competitive project, such as preferential depreciation



Project Timetable

- Approval in principle of the conceptual proposal
- Six months to validate assumptions & finalise project details
 - Submission of a detailed proposal to the Government, including timelines, heads of terms and other documentation
 - Project approval by Government including licenses and clearances
- Six months more to Final Investment Decision (Financial Close)
- Project implementation and delivery (approximately 3 years from FID and consents in place)
 - Appointment of a senior government liaison official
 - Co-operation and fast track delivery of permits & key project documentation
 - Facilitation of work permits for non-EU nationals required to deliver the project



Summary

- Proposed project allows Malta to meet 2016 LCPD obligation
 - Dramatically reduces CO2
- Will reduce the price of electricity
 - Provides alternative fuel source (LNG)
- Fully funded by consortium
- Consortium brings to bear:
 - LNG Experience
 - International operating experience
 - Financial strength
- Decision is yours – we will do our part if you will do yours



Appendix - PPA



Term >20 Years
Availability based
Capacity and energy based pricing
Price indexation
Variable energy costs (fuel) a pass through
Heat rate
Performance and plant characteristics
Performance guarantees (penalties and bonuses)
Performance of operator – Good Operating Practice
Environmental Stds